

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF OREGON

In re

**25-30484-pcm11 (Lead Case);  
25-30486 (Jointly Administered)**  
Case No. 25-30486  
Amended

Debtor

**Notice of Final Hearing on Motion [Check One]**  
**For Use of Cash Collateral**  
**To Obtain Credit**

YOU ARE NOTIFIED THAT:

1. The undersigned moving party, Sherwood Hospitality Group, LLC and DVKOCR Tigard, LLC, filed a Motion For Use of Cash Collateral To Obtain Credit (check one). The motion is attached and includes the statement required by Local Bankruptcy Form (LBF) 541.5, Procedures re: Motions for Use of Cash Collateral or to Obtain Credit.
2. The name and service address of the moving party's attorney (or moving party, if no attorney) are: \_\_\_\_\_
3. An evidentiary hearing on the motion, at which witnesses may testify, will be held as follows:

**Date:** \_\_\_\_\_ **Time:** \_\_\_\_\_

**Location:**

Courtroom # \_\_\_\_\_, **USBC, 1050 SW 6th Ave., 7th Floor, Portland, OR 97204**

To Telephone Hearing [See LBF 888, Telephone Hearing Requirements.]

**Call In Number:** (855) 244-8681

**Access Code:** 2319 199 8338 for Judge David W. Hercher (dwh)  
2311 562 9438 for Judge Peter C. McKittrick (pcm)  
2303 266 1826 for Judge Teresa H. Pearson (thp)  
2318 130 5070 for Judge Thomas M. Renn (tmr)

Video Hearing. To connect, see [www.orb.uscourts.gov/video-hearings](http://www.orb.uscourts.gov/video-hearings).

4. If you wish to object to the motion, you must, within 14 days of the service date shown in paragraph 5 below, file with the clerk at 1050 SW 6th Ave. #700, Portland OR 97204 or 405 E 8th Ave. #2600, Eugene OR 97401: (1) a written response which states the facts upon which you will rely, and (2) a certificate showing the response has been served on the U.S. trustee and the attorney or party named in paragraph 2 above.
5. I certify that on \_\_\_\_\_ this notice and the motion were served pursuant to Federal Rule of Bankruptcy Procedure (FRBP) 7004 on the debtor(s), any debtor's attorney, any trustee, any trustee's attorney, members of any committee appointed under 11 U.S.C. § 1102 or elected pursuant to 11 U.S.C. § 705 or its authorized agent (or, if no committee in a chapter 11 case, on all creditors listed on the list filed pursuant to FRBP 1007(d)), any creditors' committee attorney, the U.S. trustee, and all entities with any interest in the cash collateral subject to this motion, whose names and addresses used for service are as follows:

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Signature of Moving Party or Attorney

OSB#

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(If debtor is movant) Debtor's Address & Last 4 Digits of Taxpayer ID#

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Douglas R. Ricks, OSB No. 044026  
Christopher N. Coyle, OSB No. 073501  
SUSSMAN SHANK LLP  
1000 SW Broadway, Suite 1400  
Portland, OR 97205-3089  
Telephone: (503) 227-1111  
Facsimile: (503) 248-0130  
E-Mail: [dricks@sussmanshank.com](mailto:dricks@sussmanshank.com)  
[ccoyle@sussmanshank.com](mailto:ccoyle@sussmanshank.com)

## Proposed Attorneys for Debtors-in-Possession

IN THE UNITED STATES BANKRUPTCY COURT

DISTRICT OF OREGON

In re  
Sherwood Hospitality Group, LLC and  
DVKOCR Tigard, LLC,  
Debtor-in-Possession.

) Case Nos. 25-30484-pcm11 (Lead Case);  
25-30486-pcm11 (Jointly Administered)  
)  
) DEBTORS' MOTION FOR ENTRY OF  
FINAL ORDER AUTHORIZING USE OF  
CASH COLLATERAL AND EXISTING  
CASH MANAGEMENT SYSTEMS  
)  
) LBR 9013-1(b)(1) Parties: L-O Sherwood  
Finance, LLC; L-O Tigard Finance, LLC  
)  
)  
)  
)  
)

Pursuant to sections 105(a), 345(b), and 363(c) of title 11 of the United States Code (the “**Bankruptcy Code**”), Rules 4001(b) and 9014 of the Federal Rules of Bankruptcy Procedures (the “**Bankruptcy Rules**”), Debtors<sup>1</sup> Sherwood Hospitality Group, LLC (“**Sherwood Hospitality**”) and DVKOCR Tigard, LLC (“**DVKOCR**”) (phonetic: dah vee kOr ), individually and collectively, move this Court for entry of an entry of an order, substantially in the form

<sup>1</sup> “**Debtors**” means collectively the two entities designated as a debtor in the above-captioned cases (each a “**Debtor**”) that filed voluntary petitions for relief on February 17, 2025 in the United States Bankruptcy Court for the District of Oregon.

1 attached hereto as Exhibit 1, (the “**Proposed Order**”) authorizing use of cash collateral and  
2 existing cash management systems, granting adequate protection, and granting related relief. In  
3 support of the Motion, Debtors rely on the Declaration of Alkesh Patel in Support of Management  
4 Motions (the “**Patel Dec.**”). In further support of the Motion, the Debtors respectfully represent as  
5 follows:

6 **JURISDICTION AND VENUE**

7 1. On February 17, 2025 (the “**Petition Date**”), the Debtors filed voluntary petitions  
8 under chapter 11 of the Bankruptcy Code. Pursuant to sections 1107 and 1108 of the Bankruptcy  
9 Code, the Debtors continue to operate and manage their properties as debtors-in-possession.

10 2. The United States Bankruptcy Court for the District of Oregon (the “**Court**”) has  
11 jurisdiction over this matter pursuant to 28 U.S.C. § 1334; this matter is a core proceeding within  
12 the meaning of 28 U.S.C. § 157(b). Debtors confirm their consent to the Court’s entry of a final  
13 order in connection with this motion (the “**Motion**”) to the extent that it is later determined that  
14 the Court, absent consent of the parties, cannot enter final orders or judgments in connection  
15 herewith consistent with Article III of the United States Constitution. Venue is proper pursuant to  
16 28 U.S.C. § 1408 and 1409.

17 3. The statutory bases for the relief requested include sections 105(a), 345, and 363 of  
18 the Bankruptcy Code and Bankruptcy Rules 4001 and 9014.

19 **FACTUAL BACKGROUND**

20 **I. The Debtor’s Business**

21 4. Each of the Debtors is a real estate holding company with its primary asset being  
22 an interest in a parcel of real estate together with the structure(s) and improvements thereon.  
23 Sherwood Hospitality owns a 60% interest in the real property with an address of 22000 SW  
24 Meinecke Parkway, Sherwood, Oregon 97140 (the “**Sherwood Property**”) upon which is situated  
25 a 73-room hotel branded as a Hampton Inn & Suites (the “**Sherwood Hotel**”). DVKOCR owns a  
26 100% interest in the real property with an address of 11799 SW 69th Avenue, Tigard, Oregon

1 97223 (the “**Tigard Property**”) upon which is situated a 152-room hotel branded as a Hampton  
 2 Inn & Suites (the “**Tigard Hotel**”).<sup>2</sup> See Patel Dec. ¶ 4.

3       5. Both the Sherwood Property and the Tigard Property are part of an asset  
 4 management portfolio managed by Evergreen Hospitality Group, LLC (“**Evergreen**”). While  
 5 Evergreen provides back office and related asset-based services, it does not provide services for  
 6 day-to-day operations and management of the Hotels. Moreover, neither Sherwood Hospitality nor  
 7 DVKOCR have any employees whatsoever, including employees to operate the Hotels. *Id.* at ¶ 5.

8       6. Sherwood Hospitality and DVKOCR contracted with Resolution Road Hospitality,  
 9 a Delaware limited liability company, (“**RRH**”) to provide management and operational services  
 10 in connection with the Hotels. This includes (a) supply of the necessary workforce to provide  
 11 staffing and services at the Hotels, (b) collection of all room rates, taxes, and related remittances  
 12 due to the Hotels from their respective guests, (c) payment of all operating expenses for the Hotels,  
 13 including payroll expenses and transient lodging taxes, and (d) establishment and maintenance of  
 14 operating financial accounts to provide for receipt of income and expenditures for expenses related  
 15 to operations of the Hotels. The agreements between the Debtors and RRH were memorialized in  
 16 the form of Hotel Management Agreements, both dated November 1, 2023 (collectively the “**Hotel**  
 17 **Management Agreements**”). *Id.* at ¶ 6.

18       7. Debtors maintain financial accounts at Wells Fargo, NA (“**Wells Fargo**”) for  
 19 receipt of all revenue derived from the operations of the Hotels. Debtors’ accounts at Wells Fargo  
 20 are subject to Deposit Account Control Agreements (“**DACA**”) in favor of secured creditors L-O  
 21 Sherwood Finance, LLC (“**L-O Sherwood**”) and L-O Tigard Finance, LLC (“**L-O Tigard**”).  
 22 Pursuant to the authority under the DACA and in keeping with security interests held by L-O  
 23 Sherwood and L-O Tigard, described below, the Wells Fargo accounts are subject to the liens held  
 24 by L-O Sherwood and L-O Tigard so that control of the Debtors’ receipts are maintained by those  
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26       <sup>2</sup> The Sherwood Hotel and the Tigard Hotel are collectively referred to as the **Hotels** in connection  
 with this Motion.

1 secured creditors. *Id.* at ¶ 12.

2       8. In order to facilitate payment of the operating expenses of the Hotels, RRH supplies  
3 L-O Sherwood and L-O Tigard with information regarding such expenses and obtains such  
4 creditors' consent to receive sufficient funding for the expenses. L-O Sherwood and L-O Tigard  
5 then transfer the approved sums to RRH in order to allow it to make disbursements for ordinary  
6 operating expenses consistent with RRH's obligations under the Hotel Management Agreements.  
7 As outlined in the Hotel Management Agreements, RRH segregates the funds it receives for  
8 payment of the Debtors' operating expenses and does not comingle such funds with RRH's  
9 property. *Id.* at ¶ 13.

10     9. Additional information regarding the Debtors; business, capital structures, and the  
11 events leading to the commencement of this Chapter 11 case may be found in the Patel Decl., filed  
12 contemporaneously herewith and incorporated herein by reference.

## 13     **II. Secured Creditors' Interests in Collateral**

14     10. Cash collateral, as defined in section 363(a) of the Bankruptcy Code, includes,  
15 without limitation, all checks, receipts, payments, proceeds, products, offspring, rents, or profits  
16 arising from the prepetition or postpetition use, lease, sale, or disposition of a secured creditor's  
17 collateral. L-O Sherwood and L-O Tigard assert liens in certain of the Debtors' assets pursuant to  
18 various loan agreements, notes, deeds of trust, security agreements, and other documents, to secure  
19 obligations in the principal amount of approximately \$11,300,000.00 as to L-O Sherwood and  
20 \$23,800,000.00 as to L-O Tigard as of the Petition Date. L-O Sherwood and L-O Tigard's security  
21 interests were perfected by (a) a deed of trust, including an assignment of leases and rents, in favor  
22 of L-O Sherwood filed in Washington County, Oregon against the Sherwood Property on October  
23 12, 2018; (b) a deed of trust, including an assignment of leases and rents, in favor of L-O Tigard  
24 filed in Washington County, Oregon against the Tigard Property on December 14, 2018; (c) a  
25 UCC-1 filed on October 12, 2018 with the Oregon Secretary of State naming Sherwood Hospitality  
26 Group as the debtor and L-O Sherwood as the secured party; and (d) UCC-1 filed on December

1 17, 2018 with the Oregon Secretary of State naming DVKOCR as the debtor and L-O Sherwood  
 2 as the secured party. *See Patel Dec.*, at ¶ 14.

3       11. The UCC-1 against Sherwood Hospitality Group was assigned to L-O Repo Seller,  
 4 LLC by a filing on January 27, 2021, and then re-assigned to L-O Sherwood by a filing on  
 5 December 27, 2022. A continuation statement for the UCC-1 against Sherwood Hospitality Group  
 6 was filed on July 13, 2023, and a continuation statement for the UCC-1 against DVKOCR was  
 7 filed on July 24, 2023. Both UCC-1 statements describe the collateral as “All assets of Debtor,  
 8 whether now owned or existing, or hereafter acquired or arising and wheresoever located, and all  
 9 proceeds and products thereof.” *Id.* at ¶ 15.

10       12. The estimated value of the Sherwood Property and the Sherwood Hotel is  
 11 approximately \$15,500,000 as of the Petition Date. The estimated value of the Tigard Property and  
 12 the Tigard Hotel is \$37,000,000 as of the Petition Date. Debtors’ cash holdings, pending receipts,  
 13 and furniture, fixtures, and equipment add to the collateral base for L-O Sherwood and L-O Tigard.  
 14 Through discussion with their counsel, the Debtors understand that L-O Sherwood and L-O Tigard  
 15 consent to the use of its cash collateral and maintenance of the cash management system on the  
 16 basis proposed herein. *Id.* at ¶ 16.

17       13. Some taxing authorities, suppliers, and vendors of the Debtors may be entitled to  
 18 assert statutory liens against property of the Debtors, however, to the Debtors’ knowledge no such  
 19 liens have been filed (and any liens previously filed have been satisfied) and the Debtors have not  
 20 evaluated the extent or validity of any such liens. In seeking the relief requested herein, the Debtors  
 21 do not intend to alter, modify, or impair the rights of any statutory lien claimant. *Id.* at ¶ 17.

22       14. The Debtors believe that L-O Sherwood and L-O Tigard are the only creditors that  
 23 have or may claim an interest in the Debtors’ existing cash collateral and in the Debtors’ accounts,  
 24 payment intangibles, and other assets that will be used and collected by the Debtors postpetition  
 25 in the ordinary course of business to generate additional cash collateral. *See Patel Dec.*, at ¶ 18.

26

1       **III. The Debtors' Need to Use Cash Collateral**

2           15. The Debtors require continued use of cash collateral to operate and maintain the  
3 Sherwood Hotel and the Tigard Hotel and preserve the value of the respective estates. Without the  
4 use of cash collateral, the Debtors, through RRH, will not have the funds necessary to pay the  
5 ordinary expenses, including, wages and other payroll expenses, rents, utilities, insurance, and  
6 taxes for operation of the Hotels. As outlined in the Debtors' Motion for Approval of Assumption  
7 of Hotel Management Agreements [Docket No. 30], the relationship between the Debtors, L-  
8 O Sherwood, L-O Tigard, and RRH is crucial to maintaining services to the guests of the Hotels  
9 and preserving the branding and value of the Hotels and the Debtors' estates. Accordingly, to  
10 preserve its value as a going concern, the Debtors require the ongoing use of cash collateral. *See*  
11 Patel Dec. ¶ 19.

12       **IV. Continued Use of DACAs to Facilitate Hotel Management and Use of Cash**

13           16. As outlined above, the Debtors use of the receipts from operations of the Hotels  
14 depends on the consent of L-O Sherwood and L-O Tigard for use of their cash collateral and access  
15 and operational oversight of RRH to pay the cost for running the Hotels. Use of the DACAs along  
16 with coordination with RRH provides for an existing framework to allow for proper function of  
17 hotel operations without disruption. *See* Patel Dec. ¶ 20.

18           17. In contrast, having the Debtors upend those systems to create new bank accounts  
19 and re-establish the necessary connections to avoid operational disruptions would be inconsistent  
20 with the obligations owed by the Debtors to L-O Sherwood, L-O Tigard, and RRH and would be  
21 an unnecessary administrative burden on the Debtors. As such, the Debtors seek authorization to  
22 maintain the DACAs for receipt of income from the Hotels and payment of operating expenses by  
23 RRH. *Id.* at ¶ 21.

24           18. Section 345 commands that the debtor-in-possession require a bond in favor of the  
25 United States, which is generally accomplished by opening a designated debtor-in-possession  
26 account with a depository institution approved by the United States Trustee. However, the court

1 may order otherwise and this command does not require compliance if the deposit is federally  
 2 insured. 11 U.S.C. § 345(b). A review of the recent activity in the DACAs shows that the balance  
 3 has not exceeded the insurance limits provided by the FDIC. In light of this, and the need for  
 4 continued maintenance of the financial arrangements with L-O Sherwood, L-O Tigard, and RRH,  
 5 cause exists for the court to approve continued use of the DACAs. To ensure compliance with  
 6 section 345 as to other proceeds or payments outside of ordinary receipts and in amounts that  
 7 would exceed the available deposit insurance, the Debtors intend to each establish debtor-in-  
 8 possession accounts at Wells Fargo for such monies received by the respective estates. *Id.* at ¶ 23.

#### **RELIEF REQUESTED**

10       19. The Debtor requests that the court authorize its use of cash collateral and its existing  
 11 cash management systems under the terms and conditions of the Proposed Order.

#### **BASIS FOR RELIEF REQUESTED**

13       20. The Debtor requires the use of cash collateral to preserve the value of its business  
 14 as a going concern and to preserve and maintain the assets of the bankruptcy estate. The Debtors  
 15 recognize that L-O Sherwood's and L-O Tigard's interests in cash collateral is entitled to adequate  
 16 protection. *See* 11 U.S.C. § 363(e). Exactly what constitutes adequate protection must be decided  
 17 on a case-by-case basis. *See In re Energy Partners, Ltd.*, 409 BR 211, 236 (Bankr. S.D. Tex 2009)  
 18 (*citing MBank Dallas, N.A. v. O'Connor (In re O'Connor)*, 808 F2d 1393, 1396-97 (10th Cir  
 19 1987)); *In re Martin*, 761 F2d 472, 476 (8th Cir 1985). The focus of this requirement is to protect  
 20 secured creditors from diminution in the value of their collateral during the reorganization process.  
 21 *Energy Partners*, 409 BR at 236.

22       21. As an initial matter, L-O Sherwood holds an equity cushion of approximately  
 23 \$4,390,443, or approximately 28% (cushion of \$4,390,443 to secure obligations of approximately  
 24 \$11,109,557). L-O Tigard holds an equity cushion of approximately \$8,714,613 or approximately  
 25 23% (cushion of \$8,714,613 to secure obligations of approximately \$28,285,387). Courts routinely  
 26 hold that equity cushions of between 11.45% and 20% have been approved as providing adequate

1 protection for use of a lender's cash collateral. *In re Mellor*, 734 F2d 1396, 1400 (9<sup>th</sup> Cir 1984)  
 2 (holding that a 20% equity cushion constituted adequate protection to a secured creditor); *In re*  
 3 *Boulders on the River*, 164 BR 99, 104 (9<sup>th</sup> Cir BAP 1994) (authorizing use of cash collateral  
 4 where secured creditor was protected with an equity cushion of 11.45%). Accordingly, L-O  
 5 Sherwood and L-O Tigard are adequately protected by their equity cushion alone.

6       22. L-O Sherwood and L-O Tigard, by virtue of section 552(b)(2), also hold continuing  
 7 liens in postpetition property in the nature of "rents ... or other payments for the use or occupancy  
 8 of rooms and other public facilities for use of their cash collateral by providing post-petition  
 9 replacement liens. The Bankruptcy Code recognizes the provision of additional or replacement  
 10 liens as a form of adequate protection. 11 U.S.C. § 361(2). The purpose of replacement liens as a  
 11 form of adequate protection is to compensate the secured creditor for any decrease in the value of  
 12 its pre-petition collateral. See *In re Pacific Lifestyle Homes, Inc.*, 2009 WL 688908, at \*8 (Bankr.  
 13 W.D. Wash. Mar. 16, 2009).

14       23. In addition, the Debtors will continue to allow L-O Sherwood and L-O Tigard to  
 15 exercise control of the cash collateral. While this arrangement arguably requires no court  
 16 authorization, as it is being done with the creditors' consent, the Debtors believe an order is  
 17 appropriate to authorize adequate protection payments and to ensure transparency into the control  
 18 and use of funds deposited into the Debtors' accounts and to ensure that the Debtors and RRH are  
 19 both in a position to perform their obligations under the Hotel Management Agreements. See 11  
 20 U.S.C. § 363(c)(2) (allowing use of cash collateral with consent). As set out above, the seamless  
 21 function of the relationship between the Debtors, L-O Sherwood, L-O Tigard, and RRH is essential  
 22 to ensure the operations of the Hotels continue without disruption and that guests of the Hotels are  
 23 provided with the services they expect. *Id.* at ¶ 23.

24       24. Finally, Sherwood Hospitality Group is under contract with a buyer for a sale of  
 25 the Sherwood Property and the Sherwood Hotel for the sum of \$15,500,000 with an expected  
 26 closing in May 2025. Ensuring operations through closing is vital to facilitating a completion of

1 that sale, which is projected to satisfy the claim of L-O Sherwood in full and provide additional  
2 cash proceeds to pay other creditors. Debtors submit that the equity cushions, continuing liens,  
3 continued use of the DACAs, and, when received, proceeds from the sale of the Sherwood Property  
4 and Sherwood Hotel, will adequately protect L-O Sherwood and L-O Tigard from any diminution  
5 in the value of their collateral during the case. Moreover, the Debtors' use of cash collateral is in  
6 the best interests of the Debtors' estates because the continued value of operating Hotels greatly  
7 outweighs the risks and costs of defaulting on the Hotel Management Agreements with RRH and  
8 having the Debtors forced to cease operations of the Hotels and liquidate their assets. *Id.* at ¶ 24.

9        25. Closely associated with the approval for use of cash collateral is the authorization  
10 to continue use of the DACA accounts for ordinary income and expenses from operations of the  
11 Hotels. Cause exists under section 345(b) for the court to approve continued use of the DACA  
12 accounts and recent history suggests that funds held in the DACA accounts will be protected by  
13 the available FDIC insurance carried by Wells Fargo Patel Decl., at ¶ 12. Therefore, to avoid  
14 disruption and maintain current oversight of cash collateral, the court should approve continued  
15 use of the DACA accounts on the terms and conditions provided in the attached proposed Order.

## **CONCLUSION**

17 WHEREFORE, the Debtors respectfully request entry of the proposed order granting the  
18 relief requested herein, and such other and further relief as the court may deem just and appropriate.

**19** Dated this 28th day of February, 2025.

SUSSMAN SHANK LLP

By /s/ Douglas R. Ricks  
Douglas R. Ricks, OSB No. 044026  
Proposed Attorneys for Debtors

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10 IN THE UNITED STATES BANKRUPTCY COURT  
11 DISTRICT OF OREGON

12 In re ) Case Nos. 25-30484-pcm11 (Lead Case);  
13 Sherwood Hospitality Group, LLC and ) 25-30486-pcm11 (Jointly Administered)  
14 DVKOCR Tigard, LLC, )  
15 Debtor-in-Possession. ) [PROPOSED] ORDER AUTHORIZING  
16 ) USE OF CASH COLLATERAL AND  
17 ) EXISTING CASH MANAGEMENT  
18 ) SYSTEMS  
19 \_\_\_\_\_)

20 THIS MATTER came before the Court on Debtors' Motion for Entry of Final Order  
21 Authorizing Use of Cash Collateral and Existing Cash Management Systems [ECF No. \_\_] (the  
22 "Motion")<sup>1</sup>, pursuant to section 105(a), 345, and 363 of the Bankruptcy Code and Bankruptcy  
23 Rules 4001(b) and 9014, authorizing the Debtors' use of the cash collateral of L-O Sherwood and  
24 L-O Tigard and the continued use of certain financial accounts; having considered the Motion and

25 \_\_\_\_\_)  
26 <sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

**Page 1 of 7 – ORDER AUTHORIZING USE OF CASH COLLATERAL AND [RELATED RELIEF]**

1 the Declaration of Alkesh Patel in support of the Motion; having determined that this court has  
2 jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; with proper and adequate  
3 notice of the Motion having been given; having determined that no other or further notice is  
4 necessary; having determined that the legal and factual bases set forth in the Motion establish just  
5 cause for the relief granted herein; and this court having determined that the relief sought in the  
6 Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in  
7 interest; and being otherwise fully advised,

8           **THE COURT FINDS THAT:**

9           A. On February 17, 2025 (the "Petition Date"), Debtors each filed a voluntary petition  
10 for relief under chapter 11 of the Bankruptcy Code (the "Code").

11           B. Debtors continue in possession of Debtors' property and management of Debtor's  
12 businesses as Debtor-in-Possession, in accordance with sections 1107 and 1108 of the Bankruptcy  
13 Code. No trustee or examiner has been appointed. The Court has jurisdiction over this case under  
14 28 U.S.C. §§ 157 and 1334. Venue of this case is properly in this District under 28 U.S.C. §§ 1408  
15 and 1409. This matter is a core proceeding under 28 U.S.C. §157(b).

16           C. Without the use of cash collateral and use of its existing cash management system,  
17 Debtors assert they have insufficient funds to provide to their hotel management company, RRH,  
18 for the ordinary operating expenses of the Sherwood Hotel and the Tigard Hotel. Debtors assert  
19 there is an immediate need to use cash collateral to pay the operating expenses of the Hotels and  
20 to preserve the value of Debtors' businesses.

21           D. Debtors assert that maintaining the DACA accounts and allowing L-O Sherwood  
22 and L-O Tigard (the "**Lien Creditors**") to sweep such accounts and release funds to RRH on a  
23 consensual basis is the most efficient means of maintaining ongoing operations of the Hotels  
24 without disruption.

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**Page 2 of 7 – ORDER AUTHORIZING USE OF CASH COLLATERAL AND [RELATED RELIEF]**

E. Debtors assert that the Lien Creditors appear to have security interest/liens upon the Cash Collateral as of the Petition Date; those Lien Creditors, as set forth by the Debtors in the Motion, are as follows:

<b>Lien Creditor</b>	<b>Approximate Amount Owing</b>	<b>Cash Collateral Property Value*</b>	<b>Brief Collateral Description</b>
L-O Sherwood	\$11,300,000.00	Unknown	Sherwood Property, including rents and proceeds; All personal property
L-O Tigard	\$23,800,000.00	Unknown	Tigard and Sherwood Properties, including rents and proceeds; All personal property

\* Cash Collateral Property Value does not include value of other collateral

F. Debtors assert that other than the Lien Creditors, Debtors are not aware of any parties holding an interest in Cash Collateral.

**IT IS HEREBY ORDERED THAT:**

1. The Motion is granted as set forth herein.
  2. Pursuant to sections 105(a) and 363(c)(2) of the Bankruptcy Code, Debtors are authorized to use the cash collateral of L-O Sherwood and L-O Tigard during these chapter 11 proceedings to pay the ordinary expenses of the Hotels as requested by RRH along with any fees accrued relating to RRH. Such use will be with the consent of L-O Sherwood or L-O Tigard and subject to procedures set out in this Order.

3. Use of the cash collateral of L-O Sherwood and L-O Tigard will be conducted under the following procedures:

- a. Receipts from rents, fees, and other charges related to the operations of the Hotels will be deposited into the Debtors' existing accounts at Wells Fargo subject to DACAs in favor of L-O Sherwood or L-O Tigard;

1                   b.         Funds so deposited in the Wells Fargo accounts subject to DACAs will be  
 2       swept into other accounts held and maintained by the Debtors at Wells Fargo or other, approved  
 3       debtor-in-possession accounts established by the Debtors after the Petition Date.

4                   c.         RRH will submit requests to L-O Sherwood or L-O Tigard for payment of  
 5       ordinary expenses and its fees in the same manner and on the same timeframe as it has customarily  
 6       done prepetition; provided, however, that nothing in this Order will prevent Debtors, RRH, L-O  
 7       Sherwood, and L-O Tigard from changing the manner and timing of such requests by agreement;

8                   d.         L-O Sherwood or L-O Tigard will review and approve the requests from  
 9       RRH, along with any requests from the Debtors to pay fees under 28 U.S.C. §1930(a)(6), and  
 10      release such funds to permit RRH to pay the approved expenses and fees on a timely basis; and

11                  e.         RRH will ensure that the approved expenses and fees, including the  
 12      approved fee requests from the Debtors, are paid and provide the Debtors with a monthly  
 13      reconciliation, by the 15th of each successive month following the Petition Date, of the Debtors'  
 14      Wells Fargo accounts and the amounts expended in connection with the operation of the Hotels.

15                  f.         Beginning after the first full calendar month after the Petition Date, amounts  
 16      remaining from the monthly income after payment of the approved expenses and fees will be paid  
 17      to L-O Sherwood (as to Sherwood Hospitality Group) and L-O Tigard (as to DVKOCR) as  
 18      adequate protection and applied by the respective Lien Creditor to their outstanding claim balance  
 19      in accordance with any applicable agreements with the Debtor(s).

20                  i.         At the same time as such monthly income and expense information  
 21      is supplied to the Debtors, RRH will supply the same information to the Lien  
 22      Creditors.

23                  ii.         The Lien Creditors may then submit an authorization for payment  
 24      to RRH in accordance with the remaining income after expenses and fees but in no  
 25      event in an amount greater than the Net Income on Exhibits 1 and 2 (described  
 26      below) for any given month.

iii. On request from the Debtor(s), the Lien Creditors will provide a statement of the application of such adequate protection payments within three (3) business days of such request.

iv. Debtors and Lien Creditors agree that amounts remitted to Lien Creditors in accordance with the provisions of this Order are sufficient to meet the requirements of section 362(d)(3)(B) of the Bankruptcy Code.

7           5.       RRH's payment of expenses will be according to the terms of its Hotel Management  
8       Agreements with the Debtors and according to the Annual Plan developed in connection with the  
9       same. The Annual Plan for the Sherwood Hotel is attached to this Order as Exhibit 1, and the  
10      Annual Plan for the Tigard Hotel is attached to this Order as Exhibit 2.

11       6. Pursuant to section 105(a) and 345, and to facilitate the use of cash collateral  
12 authorized in this Order, Debtors are authorized to maintain and use its prepetition accounts at  
13 Wells Fargo, including those subject to DACAs in favor of L-O Sherwood and L-O Tigard.  
14 Specifically, Debtors are authorized to maintain and use the Wells Fargo accounts ending in (last  
15 4) 9037 and 7697. Debtors will cease using all other prepetition bank accounts at any other  
16 financial institution(s) and direct the funds held in such accounts to the authorized Wells Fargo  
17 accounts or newly-opened, debtor-in-possession accounts, as appropriate.

18        7. This Order shall be deemed to constitute a security agreement under the applicable  
19 provisions of the Uniform Commercial Code (“UCC”) in effect in states where the Debtor (a) is  
20 domiciled, (b) operate its business, and (c) maintain its principal place of business. The continuing  
21 lien provided under section 552(b)(2) is be a valid, perfected and enforceable security interest and  
22 lien on the property of the Debtors and the Debtors' estates without further filing or recording of  
23 any document or instrument or any other action, but only to the extent of the enforceability of Lien  
24 Creditors' security interests in the Prepetition Collateral. Notwithstanding the foregoing, each  
25 Debtor is authorized and directed to execute and deliver to Lien Creditor(s) such financing  
26

1 statements, instruments, and other documents as Lien Creditor(s) may deem necessary or desirable  
2 from time to time.

3       8. Nothing in this Order shall be construed to (a) prejudice a right of any party in  
4 interest (including each of the Debtors) to contest the validity, priority or extent of the liens or  
5 security interests of any party in any collateral or in the proceeds thereof, as of, on, or after the  
6 Petition Date; (b) grant a security interest in the debtor-in-possession or trustee's avoidance  
7 powers; (c) convert any pre-petition obligations into post-petition obligations; (d) require payment  
8 of any obligations on confirmation of a plan of reorganization; (e) alter, improve, limit or impair  
9 the rights, if any, of parties claiming to have rights of reclamation against a Debtor, or a Debtor's  
10 assets or (f) enhance the secured position of any creditor as of the Petition Date.

11       9. Debtors are authorized to execute and deliver to the Lien Creditors such instruments  
12 considered by them to be necessary or desirable to perfect the security interests and liens given to  
13 them herein, and said parties are authorized to receive, file, and record the same.

14       10. Nothing contained in this Order shall constitute a determination as to the amount,  
15 validity or priority of any pre-petition obligation, security interest or lien and all rights or parties  
16 in interest to claim that any pre-petition lien or security interest in a Debtor's property is  
17 unperfected, unenforceable, invalid or voidable, are reserved. Additionally, nothing in this Order  
18 shall constitute an admission or acknowledgment by either Debtor that any party has a valid or  
19 perfected lien in the cash of a Debtor now existing or subsequently received, and the references  
20 herein to "Cash Collateral" is without prejudice to all rights, defenses and claims of either Debtor  
21 to contend that any party does not have a perfected lien or security interest in such cash.

22       11. The provisions hereof and the effect of any actions taken hereunder shall survive  
23 issuance and entry of any order: (a) confirming any plan of reorganization or liquidation; (b)  
24 appointing an examiner for a Debtor; (c) converting a Debtor's case to one under chapter 7 of the  
25 Code; or (d) dismissing a Debtor's case. The priorities, liens and security interests granted herein  
26 shall continue in these or any superseding cases under the Code, and any such liens and security

1 interests shall maintain its priority as provided herein until satisfied and discharged subject to the  
2 Code.

3           12. In the event any or all of the provisions of this Order are hereafter modified,  
4       amended or vacated by a subsequent order of this or any other court, no such modification,  
5       amendment or vacation shall affect the validity and enforceability of any lien or priority authorized  
6       or created hereby. Notwithstanding any such modification, amendment or vacation, any claim  
7       granted hereunder arising prior to the effective date of such modification, amendment or vacation  
8       shall be governed in all respects by the original provisions of this Order.

9           13. This Order does not grant authority to either Debtor to pay any pre-petition  
10          obligation, expense, or debt or to pay any administrative expense claims under Section 503(b)(9).  
11          Debtors may only pay such administrative expense claims upon further order of this Court after  
12          the filing of an appropriate motion and notice of the same.

# # #

CERTIFICATION OF COMPLIANCE WITH LBR 9021-1(a)

**16** I certify that I have complied with the requirements of LBR 9021-1(a); the Proposed Order was served with the Motion.

17 PRESENTED BY:

**18** SUSSMAN SHANK LLP

**20** Douglas R. Ricks, OSB No. 044026  
**21** dricks@sussmannshank.com  
Proposed Attorneys for Debtors

	Full Year - Summary Income Statement												
	Year - January-December, 2025 - Budget												
	January 2025	February 2025	March 2025	April 2025	May 2025	June 2025	July 2025	August 2025	September 2025	October 2025	November 2025	December 2025	Total
PDXSH - Hampton Inn & Suites Sherwood	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	%REV
Available Rooms	2,263	2,044	2,263	2,190	2,263	2,190	2,263	2,263	2,190	2,263	2,190	2,263	26,645
Occupied Rooms	1,696	1,543	1,642	1,554	1,635	1,949	2,035	2,039	1,689	1,726	1,546	1,576	20,630
Occupancy	74.9	75.5	72.6	71.0	72.2	89.0	89.9	90.1	77.1	76.3	70.6	69.6	77.4
ADR	119.56	120.56	124.60	132.40	130.12	152.02	152.93	158.83	145.87	140.73	127.49	116.55	136.37
RevPAR	89.60	91.01	90.41	93.95	94.01	135.29	137.52	143.11	112.50	107.33	90.00	81.17	105.58
Revenues													
Room Revenue	204,775	187,862	206,539	207,589	214,682	298,571	313,578	326,239	248,360	244,929	198,928	185,556	2,837,608
Food and Beverage Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Meeting Room Revenue	500	500	750	750	750	750	750	750	750	750	500	250	7,750
Other Revenue	2,154	1,960	2,085	1,974	2,076	2,475	2,584	2,590	2,145	2,192	1,963	2,002	26,200
<b>Total Departmental Revenue</b>	<b>207,429</b>	<b>190,322</b>	<b>209,374</b>	<b>210,313</b>	<b>217,509</b>	<b>301,796</b>	<b>316,912</b>	<b>329,579</b>	<b>251,255</b>	<b>247,871</b>	<b>201,391</b>	<b>187,808</b>	<b>2,871,558</b>
Departmental Expenses													
Rooms	58,405	53,190	57,346	55,120	57,970	65,080	67,682	68,082	58,989	60,084	54,972	55,774	712,694
F&B	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Meeting Room	25	25	25	25	25	25	25	25	25	25	25	25	300
Other	1,077	980	1,043	987	1,038	1,238	1,292	1,295	1,073	1,096	982	1,001	13,102
<b>Total Departmental Expenses</b>	<b>59,507</b>	<b>54,195</b>	<b>58,414</b>	<b>56,132</b>	<b>59,033</b>	<b>66,343</b>	<b>68,999</b>	<b>69,402</b>	<b>60,087</b>	<b>61,205</b>	<b>55,979</b>	<b>56,800</b>	<b>726,096</b>
DEPARTMENTAL PROFIT	147,922	136,126	150,961	154,180	158,475	235,453	247,914	260,177	191,168	186,666	145,412	131,008	2,145,463
Undistributed Expenses													
Administrative & General	22,695	33,326	24,750	22,356	22,977	24,917	25,761	39,565	23,802	23,827	22,506	22,546	309,028
Information & Technology	4,310	4,310	4,310	4,310	4,310	4,310	4,310	4,310	4,310	4,310	4,310	4,310	1.8
Sales & Marketing	31,303	29,026	31,551	31,707	32,660	44,022	46,050	47,771	37,232	36,760	30,531	28,707	427,319
Repairs & Maintenance	13,123	10,736	14,989	13,731	13,127	12,429	15,572	18,181	11,293	16,609	10,875	11,181	161,845
Utilities	10,057	9,150	9,737	9,215	9,696	11,558	12,068	12,091	10,016	10,235	9,168	9,346	122,336
<b>Total Undistributed Expenses</b>	<b>81,489</b>	<b>86,548</b>	<b>85,336</b>	<b>81,319</b>	<b>82,770</b>	<b>97,236</b>	<b>103,759</b>	<b>121,919</b>	<b>86,653</b>	<b>91,741</b>	<b>77,389</b>	<b>76,089</b>	<b>1,072,248</b>
GROSS OPERATING PROFIT	66,433	49,579	65,624	72,862	75,705	138,217	144,154	138,258	104,515	94,925	68,023	54,919	1,073,214
Non-Operating Expenses													
Management Fees	6,083	5,581	6,138	6,172	6,382	8,889	9,336	9,716	7,391	7,287	5,913	5,511	84,399
Insurance - Property & Casualty	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000
Business Taxes	0	0	0	0	0	150	0	0	0	0	0	0	150
Personal Property Taxes	50	50	50	50	50	50	50	50	50	50	50	50	600
Real Estate Taxes	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Owner Expense	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Asset Management Fee	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
<b>TOTAL NON-OPERATING OTHER EXPENSES</b>	<b>14,633</b>	<b>14,131</b>	<b>14,688</b>	<b>14,722</b>	<b>14,932</b>	<b>17,589</b>	<b>17,886</b>	<b>18,266</b>	<b>15,941</b>	<b>15,837</b>	<b>14,463</b>	<b>14,061</b>	<b>187,149</b>
Total Non-Operating Expenses	14,633	14,131	14,688	14,722	14,932	17,589	17,886	18,266	15,941	15,837	14,463	14,061	187,149
EBITDA	51,800	35,448	50,936	58,139	60,773	120,628	126,268	119,992	88,574	79,089	53,560	40,858	886,066
Fixed Expenses													
NET INCOME/(LOSS)	51,800	35,448	50,936	58,139	60,773	120,628	126,268	119,992	88,574	79,089	53,560	40,858	886,066
													30.9

	Full Year - Summary Income Statement												
	Year - January-December, 2025 - Budget												
	January 2025	February 2025	March 2025	April 2025	May 2025	June 2025	July 2025	August 2025	September 2025	October 2025	November 2025	December 2025	Total
PDXTG - Hampton Inn & Suites Portland Tigard	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	AMT	%REV
Available Rooms	4,712	4,256	4,712	4,560	4,712	4,560	4,712	4,712	4,560	4,712	4,560	4,712	55,480
Occupied Rooms	2,834	2,646	3,125	3,276	2,836	3,478	3,780	3,467	2,851	2,722	2,402	2,463	35,880
Occupancy	60.1	62.2	66.3	71.8	60.2	76.3	80.2	73.6	62.5	57.8	52.7	52.3	64.7
ADR	121.82	126.94	132.73	132.72	139.27	152.11	151.47	153.03	143.83	135.29	136.00	124.34	138.49
RevPAR	73.27	78.92	88.02	95.35	83.82	116.02	121.51	112.60	89.92	78.16	71.64	64.99	89.57
Revenues													
Room Revenue	348,724	339,189	418,782	438,993	398,717	533,870	577,786	535,373	413,877	371,801	329,809	309,308	5,016,228 98.2
Food and Beverage Revenue	2,380	2,222	2,625	2,751	2,382	2,921	3,175	2,912	2,394	2,286	2,017	2,068	30,133 0.6
Meeting Room Revenue	2,590	2,627	4,012	3,947	4,189	4,065	4,088	4,102	3,946	3,956	2,944	2,866	43,332 0.8
Other Revenue	3,811	3,608	4,125	4,288	3,813	4,506	4,832	4,494	3,829	3,690	3,344	3,410	47,750 0.9
<b>Total Departmental Revenue</b>	<b>355,124</b>	<b>345,423</b>	<b>426,919</b>	<b>447,229</b>	<b>406,719</b>	<b>542,441</b>	<b>586,706</b>	<b>543,969</b>	<b>421,652</b>	<b>379,446</b>	<b>336,097</b>	<b>315,584</b>	<b>5,107,310 100.0</b>
Departmental Expenses													
Rooms	89,401	85,913	97,543	100,648	91,231	107,698	115,778	110,681	92,173	87,359	79,787	81,142	1,139,354 22.7
F&B	0	0	0	0	0	0	0	0	0	0	0	0	0 0.0
Meeting Room	69	42	67	55	46	63	73	85	41	31	21	21	615 1.4
Other	1,550	1,449	1,712	1,794	1,556	1,903	2,066	1,897	1,564	1,495	1,317	1,350	19,653 41.2
<b>Total Departmental Expenses</b>	<b>91,020</b>	<b>87,404</b>	<b>99,322</b>	<b>102,497</b>	<b>92,834</b>	<b>109,664</b>	<b>117,917</b>	<b>112,664</b>	<b>93,778</b>	<b>88,884</b>	<b>81,125</b>	<b>82,514</b>	<b>1,159,622 22.7</b>
DEPARTMENTAL PROFIT	264,104	258,019	327,596	344,732	313,886	432,777	468,789	431,305	327,874	290,562	254,972	233,070	3,947,688 77.3
Undistributed Expenses													
Administrative & General	30,421	38,699	32,024	32,030	31,480	34,655	36,423	50,648	31,427	30,616	29,014	28,793	406,229 8.0
Information & Technology	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	4,185	50,220 1.0
Sales & Marketing	52,674	51,144	62,060	64,585	59,648	77,311	83,361	77,950	61,246	55,782	50,242	47,410	743,411 14.6
Repairs & Maintenance	22,247	17,610	19,464	24,529	16,772	18,207	21,419	18,600	16,710	18,807	16,939	15,377	226,681 4.4
Utilities	19,271	17,993	21,250	22,277	19,285	23,650	25,704	23,576	19,387	18,510	16,334	16,748	243,984 4.8
<b>Total Undistributed Expenses</b>	<b>128,798</b>	<b>129,630</b>	<b>138,983</b>	<b>147,606</b>	<b>131,369</b>	<b>158,008</b>	<b>171,992</b>	<b>174,958</b>	<b>132,954</b>	<b>127,899</b>	<b>116,714</b>	<b>112,514</b>	<b>1,670,525 32.7</b>
GROSS OPERATING PROFIT	135,307	128,389	188,614	197,126	182,516	274,769	297,697	256,347	194,920	162,663	138,258	120,556	2,277,162 44.6
Non-Operating Expenses													
Management Fees	10,654	10,363	12,808	13,417	12,202	16,273	17,601	16,319	12,650	11,383	10,083	9,468	153,219 3.0
Insurance - Property & Casualty	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	66,000 1.3
Business Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0 0.0
Personal Property Taxes	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	3,709	44,508 0.9
Real Estate Taxes	3,404	3,404	3,404	3,404	3,404	3,404	3,404	3,404	3,404	3,404	3,404	3,404	40,848 0.8
Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0 0.0
Owner Expense	0	0	0	0	0	0	0	0	0	0	0	0	0 0.0
Asset Management Fee	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000 1.2
<b>TOTAL NON-OPERATING OTHER EXPENSES</b>	<b>28,267</b>	<b>27,976</b>	<b>30,421</b>	<b>31,030</b>	<b>29,815</b>	<b>33,886</b>	<b>35,214</b>	<b>33,932</b>	<b>30,263</b>	<b>28,996</b>	<b>27,696</b>	<b>27,081</b>	<b>364,575 7.1</b>
Total Non-Operating Expenses	28,267	27,976	30,421	31,030	29,815	33,886	35,214	33,932	30,263	28,996	27,696	27,081	364,575 7.1
EBITDA	107,040	100,414	158,193	166,096	152,702	240,882	262,483	222,415	164,658	133,667	110,562	93,476	1,912,587 37.4
Fixed Expenses													
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0 0.0
Total Fixed Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0 0.0
NET INCOME/(LOSS)	107,040	100,414	158,193	166,096	152,702	240,882	262,483	222,415	164,658	133,667	110,562	93,476	1,912,587 37.4